

Congress of the United States

Washington, DC 20515

July 22, 2002

Neal Goldman
Executive Vice President, General Counsel
Polaroid Corporation
784 Memorial Drive
Cambridge, MA 02139

Dear Mr. Goldman:

With the conclusion of proceedings to auction the Polaroid Corporation, we had assumed our continuing concerns about employee benefits would be directed to the successful bidder, One Equity Partners (OEP). When certain employees received a new and alarming memorandum this week from Polaroid, however, we felt obliged to pursue a number of urgent questions with you.

As you know, in an unsigned two-page notice postmarked July 8, Polaroid informed long-term disability employees 1) that they would not be rehired by OEP and, consequently 2) that their health, dental and life insurance benefits would be terminated, probably by the end of July.

Many of your employees are also our constituents. We recognize the financial challenges facing Polaroid and its successor owner, but are also concerned about the impact of decisions affecting the ability of disabled employees and retirees to put food on the table -- particularly in light of the generous bonuses awarded senior firm executives just before and after the bankruptcy filing. As co-chairs of the House Older Americans Caucus and the House Disabilities Caucus, respectively, we are deeply involved in legislative deliberations on retirement security, health care and equity for disabled workers. These issues are particularly poignant in the national context of our shared desire to help restore public confidence in the leadership of the private sector.

We write today to seek clarification essential for these employees to begin to reassemble their lives after the shock of opening this letter from the company. This news was particularly surprising to those who had followed the bankruptcy proceedings closely enough to note testimony by Charles Oster of OEP before the US Bankruptcy Court on June 28 that seems contradictory. Among other proffers in that proceeding, Mr. Oster stated "that it is currently OEP's present intent to employ most, if not substantially all, of the current employees of Polaroid." With that in mind, we request your assistance in providing some background about the termination notices.

First, the notice attributes the decision to terminate these employees to the "terms of the asset purchase agreement". Could you provide a copy of the agreement, and

clarify for us the nature of the negotiations that produced it? Since the agreement was presumably reached no later than June 26, could you explain why affected employees did not receive notice of their impending termination for at least an additional two weeks? Given the gravity of the potential impact on these particular employees, was there any consideration of extending the benefit plans to allow a more reasonable period to explore possibilities for affordable coverage?

Next, please explain the corporate rationale and legal authority for targeting this particular group. We would appreciate clarification as to whether employees on disability were the only ones to receive notice of termination; whether any such notices are forthcoming to other employees; and whether the health of any of the disabled employees was improving enough that they might have returned to work status in the near future. Please also include background on how many disabled employees were sent the letter; their ages, salary range, and duration of company service; a breakdown of the number of employee and survivor beneficiaries; and data on the cost of their health, dental and life insurance premiums. In explaining the decision publicly, a Polaroid spokesman referenced a study "that said most companies, even those that remain financially healthy, cease to provide health benefits for employees who take long-term disability leaves." We request a copy of that study.

After reading the termination letter, we share the reactions from many disabled employees. It is clear that termination is imminent. It is anything but clear about the timing and sequence of the cessation of benefits. The second page of the letter, intended to outline resources for terminated employees, seems to be of little practical value to an employee who is understandably near panic about his or her family's future.

Frustrated employees have complained to us that they cannot find out how high their new health insurance premiums will rise, and that when they called the Fidelity contact listed for clarification, no one seemed to know what they were asking about; that the resource page doesn't even appear to include a contact for life insurance; that they were left to parse through information from the listed state programs only to learn that they were ineligible; and that if they have to wait for the purchase deal to close before getting details from COBRA, their health coverage will already be terminated.

This bureaucratic maze has led many affected employees to our door for more substantive guidance. For example, was it the company's intention to leave disabled employees without prescription drug insurance because of the manner in which Medicare and private insurance intersect? Did anyone calculate whether a terminated employee on a fixed disability income can afford the 102-percent share of health insurance premiums under COBRA? Whether these disabled individuals can qualify for life insurance at any cost? Whether any of the disabled employees could even meet income eligibility criteria of the state assistance plans?

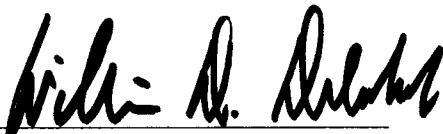
If 200-300 employees who have particular health and insurance complications are about to lose their jobs, then perhaps the company could at least act more affirmatively to help them through the next phase. We respectfully suggest you designate individual(s) who understand the sequence of the bankruptcy and purchase proceedings, as well as the problems and options facing terminated disabled employees, to be available by telephone and in person to offer real-life guidance. We presume that each of these anecdotal complaints can be addressed. However, the point is that there is no reason it should be so hard for disabled employees to figure all this out on their own -- especially given that some may be too ill to take on these challenges.

Accordingly, the reaction to the Polaroid notice among disabled employees -- many of whom are career employees with decades of service -- has gone from shock and disappointment, to fear and anger. For employees who received the notice, the anxiety and uncertainty associated with the overall bankruptcy has now hit home hard. Other employees now wonder openly whether their jobs are next -- and if so, how much advance notice they can expect from management.

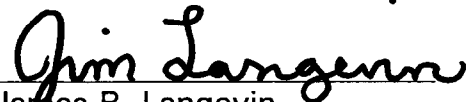
For our part, we are perplexed by this decision because the expense of fulfilling Polaroid's commitments does not seem especially daunting, and because these terminations tarnish a record of committed public service by the men and women of Polaroid. For its years of community contributions, Polaroid had an outstanding reputation for corporate citizenship -- and a proud record of supporting local and national causes important to disabled individuals. It is sad to see that hard work overshadowed now.

Thank you in advance for your expeditious responses to our questions, which we need in order to assist disabled Polaroid employees who are seeking our guidance. Given how few days may remain before their benefits end, we urge you to reply to us personally by fax.

Sincerely,



William D. Delahunt
Co-Chair
Older Americans Caucus



James R. Langevin
Co-Chair
Bipartisan Disabilities Caucus